

BANK INDONESIA REGULATION
NUMBER 22/2/PBI/2020
ON
THE SECOND AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 20/10/PBI/2018
ON DOMESTIC NON-DELIVERABLE FORWARD TRANSACTIONS

BY THE BLESSINGS OF ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

- Considering :
- a. that Bank Indonesia aims to achieve and maintain rupiah stability, one of the efforts is by conducting hedging activities through domestic non-deliverable forward transactions;
 - b. that to promote hedging activities through domestic non-deliverable forward transactions, more varying types of underlying transactions is necessary to provide flexibility on transaction for market participants by adhering to the prudential principles;
 - c. that based on the foregoing considerations as referred to in point a and point b, it is necessary to issue Bank Indonesia Regulation on the Second Amendment to Bank Indonesia Regulation Number 20/10/PBI/2018

on Domestic Non-Deliverable Forward Transactions;

- Observing : 1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as amended several times and last by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);
2. Law Number 24 of 1999 on Foreign Exchange Flow and Exchange Rate System (State Gazette of the Republic of Indonesia of 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);
3. Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2018 Number 170, Supplement to State Gazette of the Republic of Indonesia Number 6252) as amended by Bank Indonesia Regulation Number 21/7/PBI/2019 on Amendment to Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2019 Number 101, Supplement to State Gazette of the Republic of Indonesia Number 6353);

HAS DECIDED

To enact : BANK INDONESIA REGULATION ON THE SECOND AMENDMENT TO BANK INDONESIA REGULATION NUMBER 20/10/PBI/2018 ON DOMESTIC NON-DELIVERABLE FORWARD TRANSACTIONS.

Article I

Provisions of Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2018 Number 170, Supplement to State Gazette of the Republic of Indonesia Number 6252) as amended by Bank Indonesia Regulation Number 21/7/PBI/2019 on Amendment to Bank Indonesia Regulation Number 20/10/PBI/2018 on Domestic Non-Deliverable Forward Transactions (State Gazette of the Republic of Indonesia of 2019 Number 101, Supplement to State Gazette of the Republic of Indonesia Number 6353) are amended as follows:

1 (one) point, namely point d, is inserted into Article 3 paragraph (2), and therefore, Article 3 reads as follows:

Article 3

- (1) The DNDF Transactions as referred to in Article 2 paragraph (1) point b and Article 2 paragraph (3) point a and point b must have Underlying Transactions.
- (2) The Underlying Transactions as referred to in paragraph (1) include all of the following activities:
 - a. trade of goods and services within and outside the country;
 - b. investments in the form of direct investments, portfolio investments, loans, capitals, and any other investments within and outside the country;
 - c. loan or financing extension by Bank in foreign currencies for trade and investment activities, particularly for transactions between the Bank and Customer; and/or
 - d. Foreign Party's rupiah account.
- (3) The Underlying Transactions as referred to in paragraph (2) shall not include:
 - a. securities issued by Bank Indonesia;
 - b. fund placement;
 - c. undisbursed loan or financing facilities by Bank;

- d. document of sale of foreign currencies against rupiah;
 - e. money transfer activities by fund transfer companies;
 - f. intercompany loan; and
 - g. money changer activities.
- (4) The mandatory of Underlying Transaction as referred to in paragraph (1) is exempted for sale of foreign currencies against rupiah through DNDF Transactions by a Customer or Foreign Party in the highest nominal amount of USD5,000,000.00 (five million United States dollar) or its equivalent per transaction for each Customer or Foreign Party.

Article II

This Bank Indonesia Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgated this Bank Indonesia Regulation by its placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 19 March 2020

GOVERNOR OF BANK INDONESIA,
(signed)
PERRY WARJIYO

Promulgated in Jakarta
on 19 March 2020

MINISTER OF LAW AND HUMAN RIGHTS
THE REPUBLIC OF INDONESIA,
(signed)
YASONNA H. LAOLY

ELUCIDATION
BANK INDONESIA REGULATION
NUMBER 22/2/PBI/2020
ON
THE SECOND AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 20/10/PBI/2018
ON DOMESTIC NON-DELIVERABLE FORWARD TRANSACTIONS

I. GENERAL

In performing Bank Indonesia's duty to achieve and maintain rupiah stability, Bank Indonesia has implemented a policy on DNDF Transactions in domestic foreign exchange market. The DNDF Transaction is part of an effort to enrich hedging instruments that can be used by market participants exposed to exchange rate risks.

As one of the efforts to maintain monetary and financial system stability amidst global economic uncertainties, Bank Indonesia promotes DNDF Transactions by expanding the types of Underlying Transactions for Foreign Parties in order to provide alternatives and flexibility for hedging of rupiah exposure

II. ARTICLE BY ARTICLE

Article I

Article 3

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

The term “any other investments” among others include investments and/or transactions made to implement Government’s policy on taxation.

Point c

The term “loan or financing” means provisions of fund or claim similar thereto based on a loan agreement between the Bank and another party, which obliges the borrower to repay its debts after at a specified time with interest or fee, including:

1. overdraft, namely negative balance in a customer’s current account unpaid at the end of a day;
2. claim takeover in factoring activities; or
3. credit takeover or purchase from another party.

Point d

The term “foreign party’s rupiah account” means all rupiah cash accounts of a Foreign Party in a Bank, among others in the form of savings accounts, checking accounts (*giro*), and/or deposit accounts for investments, for investment return saving, and/or for any other purposes.

Paragraph (3)

Point a

Securities issued by Bank Indonesia among others are Bank Indonesia Certificates and Bank Indonesia Securities in foreign currencies.

Point b

Fund placement among others include savings account, checking account, time deposit, and negotiable certificate of deposit.

Point c

The term “loan or financing” means provisions of fund or claim similar thereto based on a loan agreement between the Bank and another party, which obliges the borrower to repay its debts at a specified time with interest or fee, including:

1. overdraft, namely negative balance in a customer’s current account unpaid at the end of a day;

2. claim takeover in factoring activities; or
3. credit takeover or purchase from another party.

Unwithdrawn loan or financing facilities among others include standby loan and undisbursed loan.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Intercompany loan among others includes credit extension in one company group or between affiliated companies.

Point g

Sufficiently clear.

Paragraph (4)

Example:

Investor AN invests in Indonesia but has not decided which rupiah asset to buy.

Investor AN decides to sell foreign currency against rupiah through DNDF Transaction of USD5,000,000.00 (five million United States dollar) to Bank A.

This transaction may be conducted without any Underlying Transaction because it is still within the limit of DNDF Transaction sale of USD5,000,000.00 (five million United States dollar).

Article II

Sufficiently clear.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 6482